

Message Text

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PAGE 01 STATE 294497

14

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FM SECSTATE WASHDC

TO AMEMBASSY DAKAR

AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 294497

E.O. 11652: GDS

TAGS: BENC, SG, IR

SUBJECT: MAJOR PROJECT: PORT SEDAR

REF: (A) DAKAR 7695; (B) DAKAR 7588; (C) DAKAR 7535;

---- (D) STATE 280634; (E) DAKAR 7367

1. WE DISCUSSED GOS MINISTER OF FINANCE BA'S U.S. VISIT WITH CITIBANK NEW YORK, WHICH TO OUR KNOWLEDGE WAS ONLY U.S. FIRM TO MEET WITH THE MINISTER. COMM/MEPD DID CONTACT SOROS ASSOCIATES, RAYMOND INTERNATIONAL, AND PARSONS-JURDEN REGARDING BA'S VISIT. PARSONS ARRANGED FOR A MEETING, BUT AT LAST MINUTE THE MINISTER CANCELLED THE APPOINTMENT. NO REASON WAS GIVEN FOR CANCELLATION;

2. AS WE UNDERSTAND IT, NOTHING SUBSTANTIVE WAS DISCUSSED
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PAGE 02 STATE 294497

DURING THE MEETING BETWEEN CITIBANK OFFICIALS, BA, AND

LEGAL COUNSEL DAVID MORSE. THE CONVERSATIONS WERE GENERAL IN NATURE COVERING SENEGAL'S DEVELOPMENT PLANS AND CURRENT ECONOMIC CLIMATE. REGARDING PORT SEDAR, BA SAID IN CONFIDENCE THAT HE BELIEVES IRANIANS MAY HAVE LOST INTEREST IN PROJECT AND THEREFORE THEY PROBABLY WILL NOT PARTICIPATE TO THE EXTENT ONCE ENVISIONED BY THE GOS. HE EMPHASIZED

SENEGAL IS STILL VERY COMMITTED TO THE PROJECT, BUT AS A RESULT OF THEIR ASSESSMENT OF IRANIAN POSITION GOS WILL REEXAMINE THEIR INVOLVEMENT AS WELL AS PROJECT IMPLEMENTATION. BA INDICATED THAT IRANIAN PARTICIPATION AND PROJECT IMPLEMENTATION WOULD BE DISCUSSED DURING IRASENCO MEETING THE WEEK OF DECEMBER 5. WE ARE NOT CERTAIN WHERE MEETING WILL BE HELD; POSSIBILITIES SUGGESTED INCLUDE LONDON AND DAKAR.

3. BA'S COMMENTS SUGGEST POSSIBILITY GOS MAY BE PREPARING TO TAKE NEW INITIATIVE IN ORDER TO REGAIN PROJECT MOMENTUM. HOWEVER, WITHOUT MAJOR IRANIAN PARTICIPATION PROJECT IMPLEMENTATION WILL BE BY NECESSITY OVER A LONGER PERIOD AND ON A COMPONENT-BY-COMPONENT VERSUS A TURNKEY BASIS. PERHAPS GOS SHOULD CONSIDER AT THIS STAGE COMMISSIONING A STUDY BY A QUALIFIED ENGINEERING COMPANY TO EVALUATE THE COST-BENEFIT OF EACH COMPONENT AND TO RECOMMEND HOW PROJECT SHOULD BE IMPLEMENTED. PARSONS-JURDEN HAS EXPRESSED STRONG INTEREST IN DOING SUCH A STUDY AND BECAUSE OF THEIR QUALIFICATIONS AND EXCELLENT INTERNATIONAL REPUTATION THEY WOULD BE WELL SUITED FOR THE JOB. GOS COULD USE SUCH A STUDY AS THE BASIS FOR DISCUSSIONS WITH FINANCIAL INSTITUTIONS AND TO ANALYZE SUPPLIER PROPOSALS.

4. FOR DAKAR: WE WOULD APPRECIATE EMBASSY DISCUSSING WITH APPROPRIATE OFFICIALS CURRENT GOS POSITION ON PROJECT. IN LIGHT OF THESE DISCUSSIONS WE WOULD LIKE TO HAVE EMBASSY APPRAISAL OF BA'S COMMENTS. DOES THEPOST BELIEVE GOS IS ACTUALLY IN A POSITION TO UNDERTAKE PROJECT WITHOUT MAJOR IRANIAN SUPPORT. IF GOS IS INDEED

CONFIDENTIAL

PAGE 03 STATE 294497

PREPARED TO TAKE INITIATIVE ON PROJECT WE RECOMMEND POST EXPLORE ACTIONS DISCUSSED IN PARA 3 WITH APPROPRIATE GOVERNMENT OFFICIALS. WE WOULD ALSO APPRECIATE ANY INFORMATION EMBASSY CAN OBTAIN REGARDING UPCOMING IRASENCO MEETING.

5. FOR TEHRAN: WE WOULD APPRECIATE ANY NEW INFORMATION EMBASSY CAN DEVELOP REGARDING IRANIAN POSITION ON

PROJECT. RE REF C, WHY MIGHT IRANIAN'S INSIST THAT
PORT SEDAR INFRASTRUCTURE BE ASSURED WHEN TOBENE MINE
DEVELOPMENT SEEMS TO BE THE KEY COMPONENT OF PROJECT?
IS THERE ANY INDICATION THAT IRANIANS MAY BE CONSIDERING
WITHDRAWING THEIR SUPPORT FROM THE PROJECT? IF NOT,
WHAT REASONS DO IRANIANS GIVE FOR THE SLOWNESS IN PROJECT

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IMPLEMENTATION? WE WOULD ALSO APPRECIATE ANY INFO EMBASSY
CAN OBTAIN IRASENCO MEETING.

6. REPEATING REFTELS TO TEHRAN TO KEEP POST FULLY
APPRISED OF DEVELOPMENTS. KISSINGER

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